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Positioning UNICEF for the twenty-first century: the impact of management excellence, 1995-1998

Summary

The present report has been prepared in response to decision 1997/28 (E/ICEF/1997/12/Rev.1), adopted at the third regular session of 1997, in which the Executive Board requested an assessment of management excellence programme (MEP) interventions in country, regional and headquarters offices, with specific emphasis on their impact on UNICEF programmes.

Chapter I provides an overview of the change process that started in mid-1995. It highlights the recommendations for change identified by the Booz-Allen & Hamilton management study and the objectives and different stages of implementation of MEP. Chapter II summarizes measures undertaken at country, regional and headquarters locations that have contributed to strengthening programme performance. Chapter III addresses the challenges that remain. The annex describes the Executive Board's involvement in MEP.

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Contents

		Paragraphs	*Page*
Introduction		1–2	3
I.	The context for change	3–15	3
	A. Critical issues identified by Booz-Allen & Hamilton	6–7	3
	B. Management excellence objectives and interventions	8–13	3
	C. Time frame for the Management Excellence Programme	14–15	5
II.	Result areas	16–68	5
	A. Country offices	17–36	5
	B. Regions	37–54	9
	C. Headquarters	55–68	11
III.	Remaining challenges	69–70	13
Annex.	The Executive Board's involvement in the Management Excellence Programme		14

List of tables

1.	Time frame for the Management Excellence Programme	6
2.	Country offices that have adopted management excellence to date	8

Introduction

1. The present report has been prepared in response to decision 1997/28 (E/ICEF/1997/12/Rev.1), adopted at the third regular session of 1997, in which the Executive Board requested an assessment of management excellence programme (MEP) interventions in country, regional and headquarters offices, with specific emphasis on their impact on UNICEF programmes.

2. Two and one half years after its launch, MEP is well on track. With the support of the Executive Board, significant improvements have been made to the structure, systems, processes and culture of UNICEF. These changes have enhanced the organization's capacity to manage its resources, to carry out its programme work effectively and to be accountable for results.

I. The context for change

3. In 1994, in response to rapid changes taking place both internally and in the external environment in which UNICEF was operating, the Executive Board requested that a management review be undertaken to examine opportunities for clarification of the UNICEF mission, a more effective organization structure, improved transparency and accountability, better management processes and procedures and a more productive interface with the United Nations.

4. The external environment was characterized by rapid change and shrinking overseas development assistance. To operate effectively in this complex environment, UNICEF would have to strengthen its ability to act flexibly, monitor the impact of changes on children and modify policies and strategies accordingly.

5. Internally and in the context of reform within the United Nations system, UNICEF was also facing profound challenges. Over the years, the organization's staff and budget had grown rapidly. Following the World Summit for Children and the near universal ratification of the Convention on the Rights of the Child, the scope of the UNICEF mandate expanded rapidly, bringing the organization into new areas of involvement and requiring greater efficiency and flexibility to manage diversity among countries and regions. Updated systems, structures and processes were required to meet these challenges. It is within this context that the secretariat engaged the consulting firm Booz-Allen & Hamilton (BAH) to carry out a management review.

A. Critical issues identified by Booz-Allen & Hamilton

6. The conclusions of the BAH management review were presented to the Executive Board in February 1995. While the management study commended the consistently high performance levels of UNICEF, it found that some of the organization's business processes had been neglected or did not have adequate resources. The study also found that the traditional UNICEF strength of using a decentralized country programme process was being undermined by increased centralized management of the mid-decade goals. The BAH recommendations focused on the need to clarify the UNICEF mission; strengthen the UNICEF response in emergencies; adapt global goals to country and local situations within a framework of global standards; clarify accountabilities organization-wide and improve transparency; strengthen the supply function, financial systems and information resources management; improve human resources processes; and enhance private sector fund-raising.

7. Based on a comprehensive analysis of issues raised by BAH through consultations with UNICEF staff, Executive Board members, National Committees for UNICEF and other partners, priorities for action and an implementation plan for MEP were developed and approved by the Executive Board in June 1995.

B. Management excellence objectives and interventions

8. From the outset, MEP was designed to address internal performance issues. Its objective was "to strengthen accountability at all levels of the organization, to institutionalize best management practices and standards of behavior for all UNICEF staff, and to make systems improvements to support oversight and control" (E/ICEF/1995/AB/L.17, paragraph 4).

9. The first tasks were to develop a mission statement, clarify the strategic role of UNICEF in emergencies and develop a set of organizational principles to guide the reform process. These principles were:

(a) Ensuring the primacy of the country programme;

(b) Transferring decision-making authority and accountability from headquarters closer to the point of programme implementation;

(c) Re-orienting the roles of headquarters and regional offices, based on an assessment of functions that add value and

do not duplicate the frontline work of country offices;

(d) Managing information as a strategic asset;

(e) Management by office- and project-specific multi-disciplinary teams.

10. These principles served as the basis for the redefinition of functions and accountabilities at country, regional and headquarters locations. Because UNICEF has always been a decentralized, field-based organization, actions to strengthen the organizational structure did not involve the creation of new types of offices. Rather, changes focused on ensuring that existing structures worked together to best support and strengthen country programmes. The redefined roles were endorsed by the Executive Board in 1996 (decision 1996/32). The role of UNICEF representatives was reaffirmed as one of leading, implementing and monitoring the progress of country programmes, together with Governments, United Nations agencies and other partners. Key programmatic, budgetary and oversight functions were transferred from headquarters to regions. Regional offices were reorganized and regional management teams (RMTs) established to support the new accountabilities. The Regional Office for Europe in Geneva was restructured to serve as the focal point for managing relations with National Committees for UNICEF. Headquarters was reorganized to focus on strategic, policy and oversight functions. This redefinition of roles and clarified accountabilities has built a more effective organizational structure.

11. Over the past two years, the Executive Director has made it a priority to establish a stronger performance culture based on "personal accountability", where management standards are applied and followed and each staff member is held accountable for performance and use of UNICEF resources. Examples of measures taken include:

(a) The development of office actions plans around the UNICEF Guiding Principles for Commitments and Conduct;

(b) Strengthened technical capacities for monitoring and evaluative work;

(c) The introduction of preventive approaches and tools to help managers to identify risks and spot and respond early to potential problems, e.g., training on control self-assessment and programme audits;

(d) Increased coverage of audit activities and follow up of audit recommendations;

(e) Investments in management information systems to provide transparent and timely information for the management of UNICEF programmes;

(f) Redefined oversight accountabilities that allow for a more realistic span of supervision and monitoring of office performance;

(g) The establishment of RMTs to monitor country programme management and performance though peer review of regional performance indicators, audit and management reports;

(h) The implementation of a new human resources strategy that heightened the profile of human resources management and made it an organization-wide responsibility.

12. Efforts to enhance the effectiveness and transparency of UNICEF operations were supported by the development and introduction of new systems and tools, including:

(a) The creation of office management teams;

(b) Making the preparation of country programme management plans (CPMPs) a requirement rather than an option;

(c) The development of integrated programme and administrative budgets;

(d) The harmonization of UNICEF budget formats with those of the United Nations Development Programme (UNDP) and the United Nations Populations Fund (UNFPA);

(e) The introduction of new budget procedures based on management plans;

(f) Exercises to redesign work processes that produced improved administrative processes;

(g) Office improvement plans;

(h) The development of new management information systems (the Programme Manager System (PROMS), the new financial and logistics system (FLS) from Systems, Applications, Products in Data Processing (SAP), the human resources module of the United Nations Integrated Management Information System (UNIMIS-HR) and programme knowledge networks);

(i) Experimentation with new methods of performance appraisal, e.g., 360 degree assessment and team assessment;

(j) The development of office performance indicators.

13. UNICEF management reform has been part of the larger reform process affecting the entire United Nations system. From the beginning, MEP has taken the perspective and reform principles of the wider United Nations system into account. They include closer coordination and collaboration among agencies, the effective use of resources and accountability for

results. UNICEF has kept the United Nations system fully apprised of progress in MEP and at the same time has benefited from sharing experiences and information. The implementation by UNICEF of tracks 1 and 2 of the Secretary-General's reform plan has been discussed in other reports to the Executive Board. Other areas of collaboration include the harmonization of budget formats with UNDP and UNFPA, the adoption of UNIMIS-HR, the development of a new financial and logistics system (SAP) and the development of a consortium (with UNDP, UNFPA and the United Nations Office for Project Services) for use by field offices of the global network for data communications provides by the *Societé Internationale de Télécommunications Aeronautiques*).

C. Time frame for the Management Excellence Programme

14. The interventions described above are at different stages of implementation, with responsibility for leading and monitoring progress assigned to line managers. Table 1 (see next page) illustrates these different stages.

15. Throughout the MEP process, the Executive Director has maintained that the key to implementing a process of change was to ensure substantive and broad staff participation in all phases and by doing so, to begin to transform the internal management culture itself. Towards this end, a Management Task Force was established from mid-1995 to end-1996 to coordinate a highly participatory change process. Offices throughout UNICEF undertook an analysis of issues raised in the BAH study. Project teams were established to provide proposals for change that addressed key issues and concerns raised by staff, National Committees for UNICEF and the Executive Board. Regional staff advisory councils were elected to test emerging recommendations. This participatory process was reinforced by an intensive investment in management training to enhance capacities in work process redesign, people skills and control self-assessment. The training resulted in immediate efficiency gains at the office level.

II. Result areas

16. MEP interventions have created the conditions necessary to strengthen programmes through improved planning and decision-making processes, clearly defined accountabilities for programme performance, updated management systems and tools, more efficient work processes and enhanced performance standards. Throughout 1996-1997, the secretariat has reported to the Executive Board on the outcomes of MEP, including efficiency and effectiveness gains achieved.

A. Country offices

17. As stated in paragraph 10 above, the role of UNICEF country representatives was reaffirmed as one of leading, implementing and monitoring the country programme process, together with government, United Nations and other partners. This has increased country-level flexibility to adapt global policies to national priorities and needs. The participation of UNICEF representatives in RMTs has resulted in increased contribution of country experiences and knowledge to regional strategies and policies.

18. To assist country representatives to carry out this role effectively, a set of measures, tools and systems has been developed and introduced in all field offices. These tools, whose main objectives are to improve programme planning, implementation and accountability for results, include:

(a) The establishment of country management teams (CMTs);

(b) CPMPs;

(c) Clearance of country programme recommendations (CPRs) by regional programme and budget reviews (PBRs);

(d) Training in people skills, work process management, control self- assessment and use of PROMS;

(e) Enhanced electronic communication between UNICEF offices.

19. These tools complement existing requirements and processes for programme planning, implementation, monitoring, evaluation and reporting. Table 2 (see page 8) demonstrates the extent to which they have been adopted by field offices to date.

Table 1
Time frame for the Management Excellence Programme

1995 *Analysis of management issues and concerns*	*1996* *Setting the course for change and achievement of early efficiency gains*	*1997* *Implementation and continued efficiency gains*
* BAH findings presented to Executive Board * New Executive Director appointed * Executive Board approves MEP plan * Management Task Force appointed to coordinate highly participatory change process * Organization-wide analysis of BAH recommendations and follow-up actions taken * Project teams established to provide proposals for change * Staff advisory councils elected to test proposals for change	* Mission Statement approved * Guiding Principles for Staff Commitments & Conduct adopted * Management training in work process redesign, people skills and control self-assessment * Office improvement plans undertaken * External studies reviewing supply, information technology and financial management systems * First wave of efficiency gains permit zero-growth support budgets for 1996-1997 * MEP mainstreamed to line managers through management teams at country, regional and global levels	* Accountabilities redefined for country, regional and headquarters offices * Key functions transferred closer to the field for better management of diversity * Headquarters streamlined from 19 to 15 divisions * Development of integrated information systems (SAP, PROMS, UNIMIS-HR) * Reporting on MEP results subsumed in other items of the Executive Board's agenda, e.g., regional director's reports, biennial support budget 1998-1999, Supply and Private Sector Divisions * Second wave of efficiency gains helps to maintain zero-growth support budget for 1998-1999

20. Offices throughout UNICEF are adopting new work processes, management practices and operating systems at a good pace, with some parts of the organization are moving faster than others. Regional offices currently are monitoring the coverage and impact of these changes based on reviews of country offices' annual reports.

Country management teams

21. All country offices have established CMTs and many have undertaken training in team-building and work planning. CMTs often are the vehicle used to introduce the above-mentioned set of tools into a country office. Their impact to date has been seen in strengthened decision-making processes and accountability for programme performance. CMTs generally serve to:

(a) Advise the representative on major issues related to the office's priorities and allocation and use of resources;

(b) Establish standards of performance in the office;

(c) Integrate programme and operations functions;

(d) Improve internal communications and information-sharing.

22. The participation of staff representatives in management teams has had a positive impact in many offices, including a better understanding of decision- making processes and a greater appreciation of constraints in dealing with human resources issues.

23. Overall, the introduction of CMTs has produced greater transparency in decision-making and has helped to ensure the fair application of policies and procedures.

Country programme management plans (annual programme and management plans/office improvement plans)

24. MEP has renewed the emphasis on work planning. All offices are now required to prepare CPMPs and annual programme and management plans. CPMPs are prepared at the beginning of each five-year programming cycle. An increasing number of UNICEF country offices are preparing annual plans and carry out annual reviews together with government partners.

25. CPMPs seek to ensure that effective office structures, staffing patterns and systems are in place to support the successful achievement of programme objectives and strategies. In Bangladesh, for example, preparation of the CPMP led to a restructuring of the office that better aligns its human resources profile with current programme priorities and financial resources. Where previously, 73 staff worked in four sub-offices, in addition to the main office in Dhaka, 30 staff now work in 18 field locations, with all administrative services managed centrally by the country office in Dhaka. This decentralization has resulted in increased cost-effectiveness, flexibility and responsiveness of UNICEF programmes in Bangladesh. According to the Regional Office for South Asia, there is already evidence of more innovative and effective programming in Bangladesh based on increased use of district-level data, better day-to-day monitoring of field activities and better contacts and relationships with local project workers and communities.

26. Many UNICEF offices have undertaken specific office improvement plans as part of their annual programme and management plans. As a result, work processes have been scrutinized and such issues as "value for money", improved inter-office communication, the fair and consistent application of personnel policies and staff development have taken on new importance. The most significant gains resulting from office improvement plans have been in improved management of human resources, including performance assessment systems; reduced telephone and fax costs owing to increased use of e-mail; financial savings from increased outsourcing of short-term services; and faster response to audit recommendations. Regional offices monitor key management issues through analysis of country office annual reports, country visits and audit exercises.

Country programme recommendations cleared at regional level

27. To enhance programme responsiveness, country representatives have been encouraged to seek a more effective balance in programme design between global goals for children and country-specific priorities. Responsibility for PBRs has been transferred from headquarters to the regional level, so that decisions are better informed by the country and regional context. Regional PBR committees, composed of country representatives and the regional office management teams, were established in all regions in 1997. All CPRs presented to the Executive Board in 1998 will have been reviewed and cleared through this process. By 2000, all country representatives will have benefited from this peer review process for programme review and clearance, either as providers or beneficiaries of support. Regional reviews also clear country notes, CPMPs and support budgets.

28. Over the past year, the contents of country notes and CPRs have reflected increased consultation with bilateral and multilateral donor partners, which are intended to improve the quality of programme strategies. Experience in 1997 also has demonstrated that time required for regional clearance of programme documents has been reduced when compared to the former clearance process.

Training

29. Over 70 per cent of UNICEF offices have undergone training introducing staff to the basic principles of work process management, people skills, control self-assessment and PROMS.

30. Regional and country offices indicate that training in people skills and work process management has been used to address weak areas of country office operations and programme delivery. Team-building, improved integration of operations and programme functions, increased intersectoral communication, simplified work processes, streamlined office structures and improved staff morale have been common results.

Table 2
Country offices that have adopted management excellence tools to date

Region	*Eastern and Southern Africa (22 offices)*	*West and Central Africa (23 offices)*	*East Asia and the Pacific (13 offices)*	*South Asia (8 offices)*	*Middle East and North Africa (16 offices)*	*Americas and the Caribbean (24 offices)*	*CEE/CIS and Baltic States (19 offices)*
Activities:							
Country management team established	22	23	13	8	16	24	19
CPMP developed*	15	16	11	4	10	17	1
Number of CPRs cleared by regional PBR*	10	12	5	8	10	17	4
Training							
- people skills and work process management (number of offices trained)	22	18	13	5	16	10	7
- control self-assessment (number of representatives trained)	22	0	13	2	16	24	13
- PROMS	22	8	13	8	6	20	9
Connections to UNICEF e-mail network	22	23	13	8	16	24	19

* Prepared at the beginning of a programme cycle.

31. Concern for cost-effectiveness, efficient work processes and the systematic monitoring of performance have taken on a new importance in UNICEF. This has prompted the demand for tools to help offices "self-assess" their control environment, rather than wait for periodic audits. Such an approach has been developed jointly by the Office of Internal Audit and the Division of Human Resources. All country representatives in the Eastern and Southern Africa, East Asia and the Pacific, Middle East and North Africa and Americas and the Caribbean regions have undergone basic training in control self-assessment that focused on accountability, delegation, internal controls and risk assessment.

32. A key element of the strategy of the Office of Internal Audit has been to reinforce these control self-assessment methodologies by training staff to spot risks and potential problem areas as a part of regular audits. In addition, a new "programme audit" methodology, which builds upon the risk assessment approach, has been piloted in Egypt, Indonesia and Viet Nam.

33. Currently, eight country offices (Indonesia, Lebanon, Mali, Morocco, Nepal, Peru, Turkey and Zambia) are running PROMS in parallel with legacy field systems. A second generation of 24 country offices will begin running PROMS in April, with all country offices scheduled to be using PROMS by the end of 1998.

34. In order to implement PROMS, each office is required to examine and simplify, where possible, such standard work processes as those for cash assistance to Governments, travel, local procurement and issuing of contracts. Tables of authority for approval, authorization, certification and payments must be clarified. In test sites so far, this exercise has helped to clarify roles and accountabilities and introduce transparency in day-to-day transactions.

35. The test sites also have demonstrated that PROMS greatly reduces the time it takes to transfer financial information. Financial transactions are automatically transmitted to the headquarters legacy finance system on a daily basis. Similarly, information on financial transactions performed by divisions in New York or Supply Division in Copenhagen is available to country offices one day after the transactions have taken place. The test offices can see exactly what their financial situation is, which was not possible with the legacy systems, under which information on supply expenditures, for example, took up to four months to reach field offices.

E-mail connections

36. The UNICEF information technology infrastructure has a significant impact on the way the organization operates, how well it is managed and how staff time is used. Efforts to enhance the information technology infrastructure have produced rapid changes for field offices. Over the past two years, e-mail connections increased from 16 to 223 country and sub-offices, with Internet access increasing from 16 to 93 country and sub-offices. This has meant increased access by field offices to information that allows more informed management and programme decisions. These offices now have access to the newly established Intranet site, which contains updated UNICEF policies, guidelines and programme knowledge on issues affecting children, in addition to advance copies of Executive Board documents. Field offices' use of e-mail to submit monthly accounting data has reduced the time required for reconciliation of accounts by two weeks. Significant cost-savings in telephone and fax charges have also been achieved because of increased use of e-mail.

B. Regions

37. The regional offices have been restructured the better to support country programmes, avoid duplication of functions and strengthen knowledge and learning functions within the regions. The Regional Office for Europe has been restructured to serve as the focal point for managing relations with the National Committees for UNICEF. The roles, accountabilities and reporting relationships of regional offices with country offices and headquarters have been clarified. Responsibility for programme and budget clearance has been transferred from headquarters to regional offices. The restructuring process began in all regions in 1997 and was consolidated in the 1998-1999 support budget approved by the Executive Board in January 1998. Adjustments to the staffing patterns of regional offices were made within existing resources. RMTs were established in all regions by 1997 to support regional functions. The teams, which are led by the regional director and include country representatives, staff representatives and regional office senior staff, provide advice on regional priorities and strategies, ensure the most effective use of resources within the region and monitor the performance of UNICEF programmes.

38. Compared to their prior performance and based on regional office reports, since the reform regional offices have seen improvements in the three areas described below.

Learning and exchange of experience

39. The peer support system of the RMT allows offices to benefit from the expertise and experience of colleagues in the region. This has proved particularly useful to countries preparing programmes of cooperation and undergoing mid-term reviews (MTRs). In the Eastern and Southern Africa region, for example, the representative in Uganda participated in the formulation of the master plan of operations for the Rwanda country programme; and the representative in South Africa participated in the formulation of the Kenya programme's strategy paper and country note. The Representative in Rwanda will, in the course of 1998, participate in the formulation of new country programmes for Angola and Mozambique.

40. In the East Asia and Pacific region, preparation of the country programmes for the Lao People's Democratic Republic and Papua New Guinea benefited from the input and technical expertise of staff from the larger countries in the region. Substantive input from other country offices and the RMT helped these two comparatively small offices to gain access to well-qualified and experienced technical support. The regional office reported improvements in the quality of both countries' programme plans and CPRs.

41. This "twinning" of offices also serves to facilitate regional processes for clearing programme and budget proposals. For example, pre-PBR meetings held in the South Asia regional office allowed country offices to review each others' draft submissions prior to finalization. This helped them to identify and resolve issues prior to the regional clearance process by sharing experiences on how common issues had been addressed in other offices.

42. Through the participation of country representatives in RMTs and regional directors in the Global Management Team, increased attention is being given to the development of regional policies and strategic plans. Both are informed by country realities and programme experiences. In the past two years, all regions have analyzed regional trends and their impact on children. Regional strategic plans are being developed and will contribute to the preparation of the medium-term plan for 1998-2001.

Use of financial and technical resources

43. With the transfer of decision-making authority for programme and budgetary reviews to regions, all regions have been able to identify and subsequently effect, inter-country reallocations within the overall regional support budget "envelope' Reallocations were based on exceptional needs arising in some countries and savings resulting from the outcomes of MTRs and revised CPMPs in others. This was a very encouraging first step towards overall, regional-level management of the support budget.

44. The fact that PBRs were carried out in all regions in 1997 was an improvement over the previous year's budget reviews. The new regional PBR process allowed for more frank and open discussion on constraints and opportunities existing in country offices and ensured that funds were allocated where they were needed most. It also served to rectify inherited historical anomalies in support budget allocations and created a greater sense of ownership of decisions.

45. In order to make the best use of the opportunities offered by electronic communication, most regions have set up technical networks and developed plans for the exchange of technical staff among countries based on priorities identified by the RMT. In the South Asia region, a focal point for each programme priority area has been identified from either regional office or country office staff, depending on where the expertise lies. This focal point is responsible for coordinating the technical network in the specific field of expertise and for arranging meetings, workshops and training plans.

Performance monitoring and oversight

46. Because of redefined roles, regional directors are attaching greater importance to monitoring the programme and management performance of country offices. This is being done through more active involvement in MTRs, reviews of country offices' annual reports, follow-up to audit recommendations and establishment of RMT committees to strengthen systems for regional oversight of country programme management performance.

47. For example, the RMT for Central and Eastern Europe, the Commonwealth of Independent States and the Baltic States agreed to produce a consolidated assessment of lessons learned covering both programme strategy and management performance for the first eight MTRs to be undertaken in the region. In 1998, MTRs are being conducted in five of the largest programme countries in the East Asia and Pacific region (Cambodia, China, Indonesia, Myanmar and Viet Nam). RMT members have contributed both to the plans for these MTRs and to the terms of reference for specific studies and evaluations, resulting in the preparation of a thematic evaluation plan on issues of high priority within the region. In South Asia, a team comprising RMT members and other regional and country office staff worked with each office undertaking an MTR, assisting in preparations and participating in the review itself.

48. Reviews of 1997 annual reports are underway in all regions to identify areas in need of attention and assess emerging cross-country issues for discussion by RMTs. The review of the 1996 annual reports in the Eastern and Southern Africa region identified issues requiring attention, including weaknesses in the evaluation function, the use of annual reviews and intersectoral programme linkages and analysis. The regional office then prepared, and the RMT approved, a strategy for strengthening the evaluation function in the region (described in the regional summary of MTRs and major evaluations of country programmes (E/ICEF/1998/P/L.1) submitted to the Executive Board at the first regular session of 1998).

49. Regional offices also have begun to work more closely with the Office of Internal Audit to put in place a new audit strategy which seeks to focus on "high-risk" countries and build capacities for control self-assessment as a means for improved accountability and transparency. Together, they identify potential problem areas and country offices for audit activities. Regional operations officers have begun to participate in audit exercises and are helping offices to follow-up audit observations. For example, in 1997 the regional operations officer from the Eastern and Southern Africa Regional Office participated in three audits (in Ethiopia, Kenya and Mozambique), in addition to visiting the country offices afterwards to assist them in implementing audit recommendations. As reported by the Office of Internal Audit, this has led to a significant improvement in the implementation of audit recommendations in this region.

50. In 1997, six RMTs established committees on quality assurance and oversight to identify indicators for programme and management performance and recommend systems for review.

51. In the Americas and Caribbean region, the RMT has agreed on key performance and process indicators. The indicators are being incorporated into country offices' annual management plans and will be the basis both for their annual management reviews and for analysis of their annual reports by the regional office.

52. In West and Central Africa, the RMT working group on quality assurance has developed standards to review: programme performance against annual objectives; operations and programme management (including finance, administration and supplies); human resources management; and communication activities. Five offices in the region (the Gambia, Guinea, Liberia, Nigeria and Senegal) are testing these standards. Based on their experiences, a set of indicators will be modified for adoption at the May 1998 RMT meeting. Monitoring mechanisms will also be identified, building on existing mechanisms for programme management reviews.

53. The Regional Office for Europe has been working with National Committees for UNICEF to establish key performance indicators to allow the secretariat and the Committees to become more accountable, respectively, for the quality of services provided and the effectiveness of the Committees' management. A performance management system based on these indicators is being introduced on a trial basis with a small number of Committees. Based on this experience, the system will be fully functional by the end of 1999.

54. The above-mentioned experiences are important steps in strengthening regional performance monitoring. They are building primarily on the initiatives of country offices and reflect a process of collegial interaction and collective commitment to strengthening performance management systems.

C. Headquarters

55. The role of headquarters has been clarified as one of providing overall guidance that reflects linkages to the United Nations system and the policy guidance of the Executive Board, with responsibility for strategic planning and oversight for the organization as a whole. Headquarters also provides leadership in developing the global UNICEF perspective by integrating the experience and contribution of all parts of the UNICEF system and by ensuring that the global perspective informs planning, policy development and guidelines for management and quality assurance.

56. The reorganization of headquarters functions has led to reductions in the overall operating costs of UNICEF, more strategic and effective management of key processes and enhanced organizational learning.

57. Since the end of 1996, concerned divisions have been responsible for implementing MEP and for reporting directly to the Executive Board on the results achieved. Reports have been or will be presented to the Board on the UNICEF role in emergencies, integrated budgeting, the communication strategy, the Private Sector Division (PSD) (formerly the Greeting Card and related Operations), supply operations, budget processes and strategies, a resource mobilization strategy and the implementation of the policy regarding National Committees for UNICEF.

Reorganization of headquarters and resulting efficiencies

58. In 1996, several headquarters units were consolidated to provide for greater efficiency and effectiveness. These included:

(a) Consolidation of all information functions into the Division of Communication (the report on the UNICEF communication strategy being presented to the Executive Board at the annual session (E/ICEF/1998/10) provides full information on this process);

(b) Consolidation of responsibilities for relations with the United Nations and intergovernmental organizations within the Office of United Nations Affairs and External Relations;

(c) Consolidation of responsibilities for global relations with non-governmental and civil society organizations within the Programme Division;

(d) Consolidation of functions carried out by the Office of Administrative Management and the Programme Statistics Office of Programme Division into the Division of Financial and Administrative Management;

(e) Integration of functions related to staff security into the Office of Emergency Operations;

(f) Consolidation of three offices into the Division of Evaluation, Policy and Planning.

59. By 1997, four headquarters divisions had reoriented their overall functions and strategies based on the recommendations of external studies commissioned at the request of the Executive Board. The studies focused on management of information resources, supply operations, financial management systems and greeting card and product sales. The Board was informed of follow-up actions taken and resulting efficiency gains.

60. Programme functions carried out at headquarters were redefined to focus on setting standards, providing leadership and state-of-the-art knowledge on the main areas of UNICEF work; guiding programme policy formulation and strategies; and disseminating best practices and lessons learned both within UNICEF and from external sources. The reactivation of the Programme Group (comprised of Programme Division, the Office of Emergency Operations, the Division of Evaluation, Policy and Planning and the International Child Development Centre (ICDC)) helped to establish linkages between the four divisions and set a strategic framework for programme policy development. The realigned staffing structure of Programme Division, designed to support its redefined role, was approved by the Executive Board as part of the biennial support budget for 1998-1999. Implementation of the approved changes has already begun.

61. Overall efficiency gains achieved from the reorganization of headquarters functions and structures helped UNICEF to maintain a zero-growth support budget, both in the revised budget for 1996-1997 and the approved budget for 1998-1999. Reductions approved in the revised 1996-9719 budget enabled the organization to create the Regional Office for Central and Eastern Europe, the Commonwealth of Independent States and the Baltic States, allocate resources to countries within that region and invest in developing PROMS and UNIMIS-HR. In the biennium budget review for 1998-1999, UNICEF reduced support budget costs by $33 million, mostly in headquarters locations, and redirected these amounts to enable new support budgets for 25 country offices and the absorption of other increases due to inflation. During the this period, costs in headquarters locations were reduced by 8 per cent in real terms.

Information technology strategy

62. The establishment of a strong information technology infrastructure and completion of new integrated information systems will facilitate the implementation of redefined roles, accountabilities and interrelationships between country, regional and headquarters offices. They will contribute to the achievement of UNICEF goals in advocacy, information-sharing and fund-raising. The strategy will support the development of integrated systems for resource management, utilization of Internet and Intranet for knowledge management, and ensure global connections between offices.

63. The restructured Information Technology Division is customer- and field-oriented and service-based. Key user groups from throughout UNICEF have established information technology priorities through a new information technology governance system. As a result, there is better integration of operations and programme functions with systems to support programme needs in the field. As mentioned in paragraph 36 above, over the past two years, the number of country and sub-offices with e-mail connections has increased from 16 to 223, and the number of those with Internet access has increased from 16 to 93. As a result, field offices have greater access to information, reduced time requirements for processing of financial information and cost savings in telephone and fax charges.

64. Integrated information systems being implemented in 1998 will replace the multiple systems currently being used both in the field and at headquarters. The three systems include PROMS, FLS and UNIMIS-HR. PROMS will provide managers in all locations with timely and accurate information to support decision-making, reporting, monitoring and oversight. The FLS will service headquarters financial management needs, all commercial aspects of PSD and the procurement system for Supply Division. UNIMIS-HR has been installed in headquarters. Together, these integrated systems will enable UNICEF to ensure oversight, transparency and accountability for the management of its resources worldwide.

The budget process

65. UNICEF increasingly is moving towards budgeting processes that focus on obtaining planned outcomes and results. In preparing the 1998-1999 biennial support budget, UNICEF introduced improved budget procedures that are resulting in better setting of objectives and planning for assessment of results. For the first time, headquarters divisions were required to prepare management plans as the basis for decisions to be made on resource allocations. Open budget forums were held to review the objectives and strategies of headquarters divisions for the 1998-1999 biennium. This process contributed to greater coordination of the roles of headquarters divisions to support field offices. It also provided a baseline for assessment of results prior to the next budget exercise.

Human resources management

66. The reorganization of the Division of Human Resources will support the implementation of the new human resources strategy, including a career management system that will meet the future needs of both the organization and individual staff members. Improved human resources services to field offices have resulted in the reduction of time required for personnel transactions, the resolution of complex personnel cases, appeals, grievances and expeditious dealing with disciplinary cases. The training function has been realigned to provide better support for development of competencies based on priorities identified by the Global Management Team through the development of tools and methodologies focused on performance management.

Organizational learning

67. UNICEF is making progress in managing information as a strategic asset so that "knowledge" becomes a recognized form of UNICEF cooperation. Programme knowledge networks, containing programme experiences and research findings in programme areas, are being developed. Subjects already launched include youth health and development and the United Nations Development Assistance Framework. This electronic knowledge-base will be used to shape initiatives to accelerate progress towards the goals for the year 2000, identify effective approaches to issues affecting children, strengthen the scientific basis for advocacy and improve the ability of country offices to become major reference points for basic knowledge on women and children.

68. The UNICEF capacity to provide global intellectual leadership on issues affecting children has been enhanced through better use of information technologies. The UNICEF home page on the World Wide Web, which contains information on the status of women and children worldwide, currently has over 300,000 visits per month. All major UNICEF publications are available on line, including *The State of the World's Children* and *The Progress of Nations*, in addition to press releases, speeches, evaluation results and methodologies, the ICDC library and National Committee publications. The site also hosts interactive information through "Voices of Youth" and information on the International Children's Day of Broadcasting.

III. Remaining challenges

69. MEP has become an institutional reality across UNICEF. Changes in roles and clarified accountabilities have strengthened the coherence of the UNICEF system as a whole, resulting in more effective support for country programmes. Key processes have been improved, leading to the empowerment of country representatives to respond effectively to countries' needs, as well as to the development of global policies and strategies that are better informed by countries' experiences. Participatory management through teams within and across regions has enabled UNICEF to take better advantage of expertise available throughout the organization, as well as from United Nations agencies, non-governmental organizations and other partners. The preparation of the medium-term plan for 1998-2001, to be presented to the Executive Board at the second regular session of 1998, will benefit from MEP efforts to strengthen strategic planning processes. Preparation of the plan also provides an opportunity to review and strengthen the UNICEF performance management system. These results have been made possible through a strong internal commitment to change and an intensive investment of staff time and energy.

70. Despite the achievements made to date, many challenges remain. The completion and effective use of new information systems are essential prerequisites for full implementation of redefined roles and accountabilities. The development and implementation of a career management system remains an organizational priority. Efforts are being made to be responsive to shifts in development cooperation by exploring new opportunities to mobilize and leverage resources for children.

Annex

The Executive Board's involvement in the Management Excellence Programme

1 Since the launch of MEP in mid-1995, the Executive Director has given priority attention to creating opportunities for regular reporting, consultation and dialogue with the Executive Board. Guidance on proposals for change has been sought from the Executive Board through at its regular and annual sessions, inter-session meetings and informal briefings.

2 The Executive Board contributed to advancing the progress of management excellence by taking the following decisions:

(a) **1995**

(i) **First regular session**

Welcomed the management study report (E/ICEF/1995/AB/L.1) and requested initial response from the secretariat including priority areas for action (decision 1995/7);

(ii) **Second regular session**

Welcomed the secretariat's response to the management study (E/ICEF/1995/AB/L.4) including priorities for action, an initial implementation process, establishment of a management task force and budgets for consultancies proposed in the management study. Requested further elaboration on the implementation plan, taking into account the points of view expressed by the Board (decision 1995/12);

(iii) **Annual session**

a. Reviewed elaborated work plan for management reform activities (E/ICEF/1995/CRP.24);

b. Discussed issues related to the preparation of a mission statement to guide UNICEF work into the next century as contained in E/ICEF/1995/AB/L.11;

(iv) **Third regular session**

a. Welcomed the update on process and projects for promoting management excellence in UNICEF (E/ICEF/1995/CRP.48) and requested the continuation of management review as an item on the agenda for upcoming Board meetings (decision 1995/25);

b. Reviewed measures taken to strengthen financial control and accountability as contained in E/ICEF/1995/AB/L.17 (decision 1995/26);

(b) **1996**

(i) **First regular session**

a. Adopted UNICEF mission statement as contained in E/ICEF/1996/AB/L.2 (decision 1996/1);

b. Reviewed progress of MEP implementation and linkages with the management study (E/ICEF/1996/AB/L.3;

(ii) **Second regular session**

Reviewed progress of MEP project teams, external studies, processes for staff participation and Board consultation, and guiding principles for staff commitments and conduct (E/ICEF/1996/AB/L.6);

(iii) **Annual session**

a. Reviewed MEP progress, follow-up actions taken in response to the management review and next steps (E/ICEF/1996/AB/L.9);

b. Approved medium-term plan for 1996-1999, emphasizing linkages with the MEP process and expected outcomes (decision 1996/26);

(iv) **Third regular session**

a. Reviewed proposed changes in roles and responsibilities of country, regional and headquarters offices (E/ICEF/1996/AB/L.13);

b. Reaffirmed the country programme as the primary strength of UNICEF and objective of MEP to reinforce country offices' capacity to effectively and efficiently manage and deliver country programmes and be accountable for producing results. Agreed that management teams constitute an appropriate governance system for integrating the work of the secretariat, determining management

priorities, providing oversight, and monitoring and evaluating the performance of UNICEF offices (decision 1996/32);

c. Noted extensive and innovative process of consultation with the Board and other partners undertaken by the secretariat since launching MEP. Endorsed the incremental approach adopted by the secretariat to implement MEP and welcomed the tangible results achieved (decision 1996/32);

d. Welcomed the intention of the secretariat to move forward to develop systems for finance, supply functions, improved information technology and management information resources including PROMS, which will provide the initial format for quality assurance (decision 1996/32);

e. Endorsed future roles for National Committees and strategy for managing UNICEF partnership, including required structure and accountabilities as contained in E/ICEF/1996/AB/L.13 (decision 1996/33);

(c) **1997**

(i) **First regular session**

a. Reviewed progress of MEP implementation, efficiency gains achieved in relation to management study recommendations, actions taken on recommendations of external studies on information technology, financial management and supply operations, and an organigram illustrating the organization of the secretariat (E/ICEF/1997/AB/L.1);

b. Approved first integrated budget for 1996-1997 for headquarters and regional offices and organizational chart reflecting structural changes, efficiency and effectiveness gains to date (E/ICEF/1997/AB/L.5 and Corr.1 and decision 1997/4);

c. Approved format for harmonization of budget presentations between UNDP, UNFPA and UNICEF as contained in E/ICEF/1997/AB/L.3 (decision 1997/5);

d. Endorsed approach regarding clarified roles and strategic priorities for UNICEF in emergencies as contained in E/ICEF/1997/7 (decision 1997/7);

(ii) **Second regular session**

Reviewed accountability system for supply function including responsibilities for key decisions related to supply in country, regional and headquarters offices (E/ICEF/1997/CRP.9 and Corr.1);

(iii) **Annual session**

a. Reviewed system of accountability of country programme process including lines of communication and responsibilities of country, regional and headquarters offices for key decisions ((E/ICEF/1997/CRP.15);

b. Reviewed results of mid-term reviews and major evaluations of country programmes, including actions taken to strengthen oversight and accountability (E/ICEF/1997/P/L.11 to E/ICEF/1997/P/L.16);

c. Reviewed outline of information and publication policy reflecting efficiency and effectiveness gains achieved through restructuring of the Division of Communication, consolidation of UNICEF publications, greater consistency in the projection of the UNICEF image and increased use of information technologies (E/ICEF/1997/17);

d. Approved reorganization and strategic objectives of Greeting Card and related Operations (now PSD) (E/ICEF/1997/AB/L.9 and decision 1997/14);

(iv) **Third regular session**

a. Endorsed the framework of roles, responsibilities and accountabilities for performance monitoring and oversight (E/ICEF/1997/AB/L.12 and Corr.1 and decision 1997/28);

b. Took note of measures taken to improve effective and efficient management of UNICEF supply operations (E/ICEF/1997/AB/L.14 and decision 1997/23);

c. Reviewed strategy outline for the 1998-1999 biennial support budget, MEP principles guiding the budget's preparation, key realignments in the roles of country, regional and headquarters offices (E/ICEF/1997/CRP.28);

(d) **1998**

(i) **First regular session**

a. Approved the 1998-1999 biennial support budget consolidating key changes and efficiency gains resulting from MEP, including transfer of functions from headquarters to regions and streamlining of headquarters, and welcomed progress in integrated budgeting approach and preparation of country programme management plans (E/ICEF/1998/AB/L.1 and Corr.1 and decision 1998/2);

b. Reviewed country notes, mid-term reviews and major evaluations of country programmes reflecting, *inter alia*, the impact of MEP interventions on programme preparation, monitoring and evaluation practices and organizational learning as contained in E/ICEF/1998/P/L.1-E/ICEF/1998/P/L.8 and E/ICEF/1998/P/L.9-E/ICEF/1998/P/L.20;

(ii) **Annual session**

a. To review UNICEF communication strategy (E/ICEF/1998/10);

b. To review steps taken to develop a resource mobilization strategy for UNICEF (E/ICEF/1998/11);

c. To hear oral report on implementation of the policy regarding National Committees for UNICEF;

d. To receive updated version of the "Organization of the secretariat of UNICEF", including a full set of organigrams and a description of reporting lines, functions and accountabilities (E/ICEF/1998/12).